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THE Wool SITUATION

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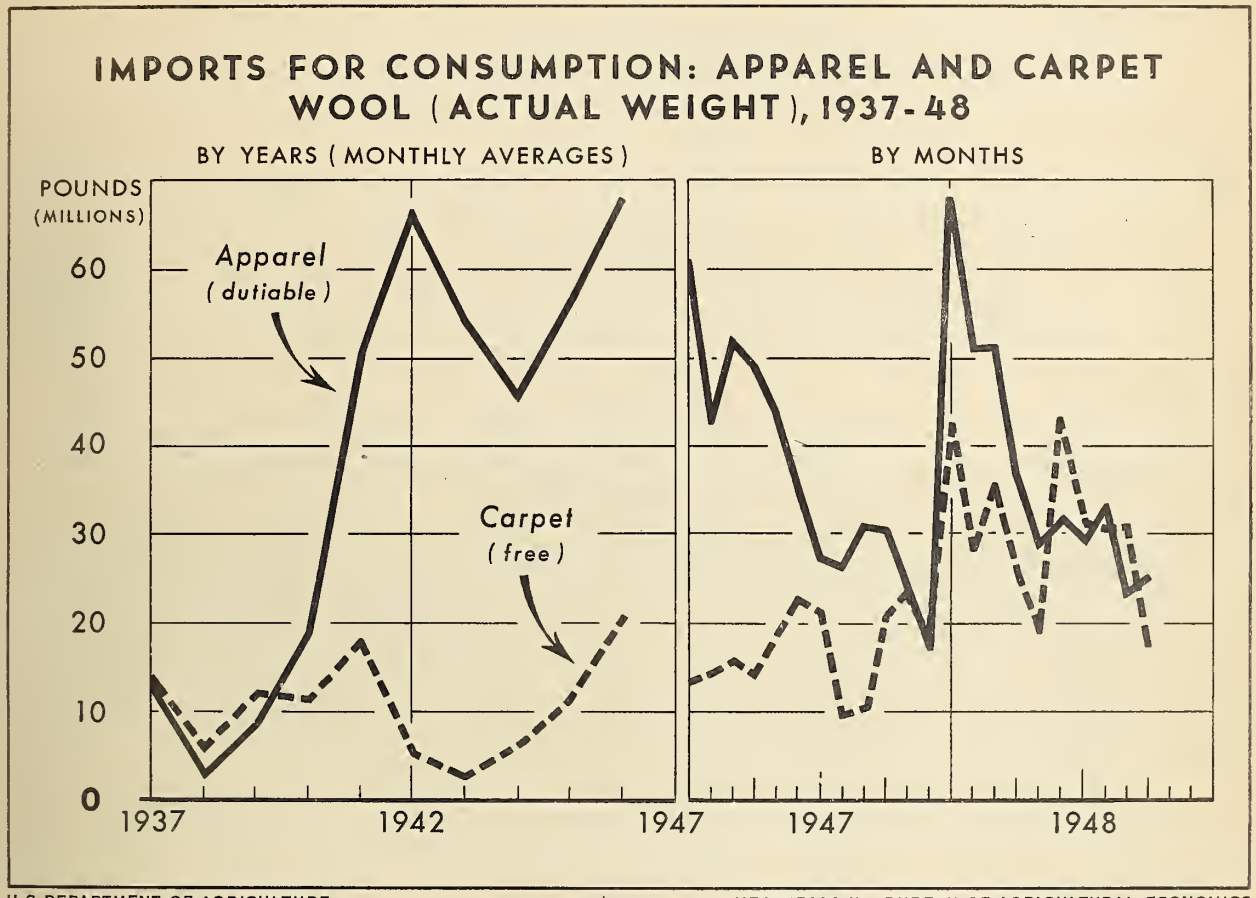
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TWS-8 BAE DECEMBER 1948



U. S. DEPARTMENT OF AGRICULTURE NEG. 47036-X BUREAU OF AGRICULTURAL ECONOMICS

Imports for consumption of dutiable wool declined about 55 percent during 1947 compared with 1946. The drop was due to a smaller demand for apparel wool and the increased consumption of domestic wool resulting from the relatively higher replacement cost of foreign wool. Imports of dutiable wool during January-October 1948 were only slightly below the 1947 level.

Imports for consumption of duty-free wool, however, have increased sharply since the war. Imports during 1947 were about 50 percent greater than the prewar annual average. During the first 10 months of 1948, imports of such wools were almost double the quantity imported during the corresponding period of 1947.

STATISTICAL SUMMARY

PRICES

Item	Unit	1947 Aug.	1947 Sept.	1947 Oct.	1947 Nov.	1948 Aug.	1948 Sept.	1948 Oct.	1948 Nov.	Last data available as percent of a year earlier
Prices received by farmers	Cents	41.9	41.9	41.9	41.9	47.1	46.3	46.1	45.5	109
Parity price	"	42.8	43.6	43.7	44.1	45.9	45.8	45.6	45.2	102
Farm as percentage of parity	Percent	98	96	96	95	103	101	101	101	
Boston market prices										
Domestic wool 1/ 2/										
Territory, scoured basis										
64's, 70's, 80's, staple	Cents	122.0	122.0	122.7	125.5	180.0	180.0	178.8	175.0	
56's, combing	per	108.5	108.5	107.0	101.0	116.5	116.5	115.5	111.9	
Bright fleece, grease basis	pound									
64's, 70's, 80's, delaine	"	50.5	50.5	50.7	51.5	72.0	72.0	72.0	72.0	
56's, combing	"	56.5	56.5	55.4	51.0	56.0	56.0	56.0	56.0	
Foreign wool, excl. duty										
Australian, clean basis										
64's, 70's, topmaking	"	104.0	110.8	116.5	125.4	182.0	169.6	161.5	161.5	129
Montevideo, grease basis 3/										
56's (I's)	"	50.1	51.0	51.2	50.8	74.5	74.5	74.5	74.5	147
50's (II's)	"	48.2	48.5	48.2	47.0	68.0	68.0	68.0	68.0	145
Other textile fibers										
Cotton, middling 15/16" 4/	Cents	34.3	31.6	31.7	33.6	31.3	31.2	31.2	31.5	94
Rayon staple fiber	Per									
Viscose 1-1/2 denier	pound	32.0	32.0	32.0	32.0	36.8	37.0	37.0	5/	116
Acetate 5 denier	"	48.0	48.0	48.0	48.0	48.0	48.0	48.0	5/	0

CONSUMPTION AND SUPPLIES

Item	Unit	1947 June	1947 July	1947 August	1947 September	1948 June	1948 July	1948 August	1948 September 6/	Last data available as percent of a year earlier
Mill consumption										
Per week, during month 7/										
Grease basis										
Apparel wool, total	1,000 lb.	17,476	14,487	17,907	18,303	18,783	15,565	8/		
Domestic	"	5,996	5,380	7,352	8,301	9,460	8,359	8/9/		
Foreign (duty-paid)	"	11,480	9,107	10,555	10,002	9,323	7,206	8/9/		
Carpet wool (duty-free)	"	4,528	3,508	4,899	4,810	5,500	3,856	5,941	5,741	119
Scoured basis										
Apparel wool, total	"	9,466	7,768	9,502	9,497	9,624	7,900	9,706	9,091	96
Domestic	"	2,539	2,296	3,067	3,405	3,930	3,506	9/		
Foreign (duty-paid)	"	6,927	5,472	6,435	6,092	5,694	4,394	9/		
Carpet wool (duty-free)	"	3,298	2,537	3,514	3,427	3,967	2,821	4,241	4,073	119
Accumulated since Jan. 1 7/										
Grease basis										
Apparel wool, total	Mil. lb.	509.5	581.9	653.5	726.7	522.1	584.4	8/		
Domestic	"	165.5	192.4	221.8	255.0	256.3	289.7	8/9/		
Foreign (duty-paid)	"	344.0	389.5	431.7	471.7	265.8	294.7	8/9/		
Carpet wool (duty-free)	"	117.0	134.6	154.2	173.4	148.0	163.4	187.2	215.9	125
Scoured basis										
Apparel wool, total	"	280.4	319.2	357.2	395.2	268.7	300.2	339.2	384.7	97
Domestic	"	71.6	83.1	95.3	109.0	106.7	120.7	9/		
Foreign (duty-paid)	"	208.8	236.1	261.9	286.2	162.0	179.5	9/		
Carpet wool (duty-free)	"	83.9	96.6	110.6	124.3	105.6	116.9	133.8	154.2	124
Imports - actual weight 10/										
Apparel wool (duty-paid)	"	34.6	27.3	26.2	30.9	31.2	29.4	32.9	23.4	76
Carpet wool (duty-free)	"	22.9	21.4	9.7	10.4	42.7	31.5	30.7	31.0	298
Accumulated since Jan. 1										
Apparel wool (duty-paid)	"	282.0	309.3	335.5	366.4	266.4	295.8	328.7	352.0	96
Carpet wool (duty-free)	"	98.0	119.4	129.0	139.4	193.3	224.8	255.5	286.6	206
Wool fabric production										
Accumulated since Jan. 1										
Men's wear	Million	113.0			161.5	116.0			165.7	103
Women's & children's wear	linear	84.3			126.3	97.5			145.4	115
Other apparel fabrics	yards	26.1			34.7	17.7			26.8	77
Total apparel fabrics	"	223.4			322.5	231.2			337.9	105
Blankets	"	18.6			25.0	10.4			15.4	62
Other non-apparel fabrics	"	16.0			23.9	20.8			30.5	128
Total woven fabrics	"	258.0			371.4	262.4			383.8	103

Compiled from official sources.
1/ 1947 prices are CCC selling prices.
2/ 1948 prices are open market quotations.
3/ PMA Boston Market Reports, weekly range quotations.
4/ Average at 10 markets.
5/ Not available. 6/ Preliminary.
7/ The first month of each quarter in 1947 is a 5-week period. The other months are 4-week periods. The last month of each quarter in 1948 is a 5-week period. The other months are 4-week periods.
8/ Reporting of apparel wool consumption data on a grease basis discontinued by the Bureau of the Census, beginning August 1948.
9/ Break-down between consumption of domestic and foreign apparel wool discontinued by the Bureau of the Census, beginning August 1948.
10/ Imports for consumption.

THE WOOL SITUATION

Approved by the Outlook and Situation Board, January 12, 1949

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SUMMARY

Shortly after wool auctions for the current season opened in September in the United Kingdom and the British Southern Dominions, prices of the finer grades of wool reversed the trend of last Spring and declined from 5 to 25 percent. After mid-October demand strengthened, and by early January prices advanced above the record levels set at the final sales of the 1947 season. Prices in domestic markets followed a similar pattern.

The 1949 wool price support program will provide a national average wool price to growers of approximately 42.5 cents per pound, grease basis. This will approximate the 1948 wool price support level. Reductions were made in the purchase prices for the least desirable types, while prices for the more desirable types were increased.

Consumption of apparel wool by domestic mills during January-October 1948 totaled 419 million pounds, scoured basis, 4 percent below the same period in 1947, on a weekly rate basis. Consumption in worsted mills declined only about 2 percent, while consumption in woolen mills was down 11 percent. Consumption during 1949 probably will be between 850-950 million pounds, grease basis.

Imports of apparel wool for consumption were about 5 percent less during January-October 1948 than during the same period of the previous year. In 1948, a greater proportion of imports of wool finer than 44's originated in Argentina and Uruguay than during 1947. A larger proportion of the wool consumed by domestic mills during 1949 is expected to be of foreign origin, since the supply of domestic wool will be substantially reduced.

Exports of raw wool, apparel and carpet, from the five Southern Hemisphere surplus producing countries during the 1947-48 season were about 10 percent less than in 1946-47. The decline in exports from Australia and South Africa more than offset increases for New Zealand, Argentina, and Uruguay. Exports to the United States from the three British Southern Dominions declined 61 percent, while those from the two South American countries increased 68 percent.

THE DOMESTIC SITUATION

Prices Advance in Domestic Markets

Reflecting the trend of wool prices in foreign markets, prices of imported wool in bond at Boston have advanced rapidly since the sharp decline in the latter part of September and early October.

Australian 64's-70's good topmaking wool reached a peak of $1.82 per pound, clean basis, in bond at Boston, late in June and then declined to $1.62 by September 24. By December 17, however, the in-bond price of such wool had advanced to $1.93. Quoted prices for medium wools also advanced. After declining from $1.53 late in June to $1.48 during the latter part of September, the price of Australian 58's-60's combing wool had advanced to $1.68 by mid-December. Uruguayan 58's-60's, which were quoted at $1.18, clean basis, in July, rose to $1.40 by mid-December, while 56's advanced from $1.02 to $1.18.

Prices of domestic fine wools followed a pattern similar to that of foreign wool. Graded fine territory combing wool dropped from $1.80 to $1.75 early in October and then returned to $1.80 by mid-December.

The average price received by farmers for wool during December was 45.7 cents, compared with 41.6 cents a year ago. The increase reflects the strong demand for and the short supply of the better qualities of wool.

The 1949 wool price support program will provide a national average wool price to growers of approximately 42.3 cents per pound, grease basis. This will approximate the 1948 wool price support level. The program will run from January 1 through December 31, 1949. In the 1949 program, changes from the 1948 purchase prices were made for certain grades and types of shorn and pulled wools. Reductions were made in the prices for the least desirable types, while prices for the more desirable types were increased. Selling prices for Commodity Credit Corporation wools were not changed.

Wool Production Continues to Decline

Sheep numbers have continued the downward trend which began in 1942. Slaughter of both sheep and lambs has been heavy relative to the size of the lamb crop and breeding sheep inventory. The percentage of older sheep slaughtered under Federal inspection was relatively heavy during the last half of 1948. However, with the smaller stock sheep population and prospects for smaller slaughter in 1949, production of both shorn and pulled wool is expected to be below last year. Combined production of shorn and pulled wool may total only 270 million pounds.

Mill Consumption of Apparel Wool Declines Slightly, Consumption of Carpet Wool Increases

During the first 10 months of 1948, domestic mills consumed 419 million pounds, scoured basis, of apparel wool. The weekly average rate of consumption was about 4 percent below the same period of 1947 and 17 percent below the first 10 months of 1946. Consumption declined sharply during October when the average weekly rate was 6 percent below that for September and 13 percent below the rate for October of last year. Consumption of apparel wool during 1949 probably will be between 850-950 million pounds, grease basis.

Average weekly consumption in worsted mills during January-October 1948 was only about 2 percent below the 1947 rate. In woolen mills, however, it was 11 percent below the rate for the same period in 1947.

Consumption of carpet wool by domestic mills during January-October totaled 172 million pounds, scoured basis. This was 23 percent, on a weekly rate basis, greater than during 1947.

Mill Output

Production of yarn, other than carpet, during January-October totaled 510 million pounds, compared with 524 million pounds during the same period of last year. Output of woolen yarn decreased from 316 million pounds to 302 million pounds, while output of worsted yarn remained relatively unchanged.

During the first three quarters of 1948, production of woven fabrics totaled 384 million linear yards. This was 13 million linear yards or 3 percent over the quantity produced in the same period in 1947.

Output of woven worsted and woolen apparel fabrics amounted to 338 million linear yards, 5 percent greater than in 1947. Increases of 15 percent in the production of women's and children's wear fabrics and of 3 percent in the output of men's wear fabrics more than offset a decrease of 23 percent in the other categories. Production of non-apparel fabrics decreased 6 percent and output of blankets 38 percent.

Imports of Apparel Wool Show Slight Decline from Last Year

During January-October 1948, imports of apparel wool, dutiable, for consumption amounted to 377 million pounds, actual weight basis. This was about 5 percent less than the quantity imported during the same period in 1947. A larger proportion of the wool consumed by domestic mills during 1949 is expected to be of foreign origin since the supply of domestic wool (stocks plus production) will be substantially reduced. Commodity Credit Corporation holdings showed a net reduction of 61 percent or 205 million pounds, greace basis, during January-November 1948.

Uruguay and Argentina supplied a greater proportion of the general imports of wool 44's or finer at the three Eastern ports during 1948 than in 1947. During 1948, 51 percent of imports originated in these countries compared with 33 percent in 1947. On the other hand, imports at the three Eastern ports from the British Southern Dominions - Australia, New Zealand, and the Union of South Africa - were only 38 percent of the total compared with 63 percent last year. Combined imports of wools finer than 44's from Argentina and Uruguay increased about 8 percent while imports of such wools from the three British Southern Dominions decreased 60 percent. Slightly higher prices in the British Southern Dominions than in the South American countries probably explain the drop in imports from the former.

Imports of carpet wool (duty-free) for consumption during the first 10 months of 1948 totaled 304 million pounds, actual weight basis, 90 percent greater than the quantity imported during January-October 1947. Most of this increase was in imports from Argentina and Uruguay. This is indicated by the fact that general imports of wool not finer than 40's at the three Eastern ports from Argentina and Uruguay were 92 percent greater in 1948 than in 1947.

THE FOREIGN SITUATION

Price Advance in Foreign Markets

Shortly after auctions for the current season opened in September in the United Kingdom and the British Southern Dominions, demand for wool, particularly of the finer grades, weakened and prices declined sharply. Early in October prices of fine wools were from 5 to 25 percent below the record prices of the previous season. After mid-October, demand strengthened, and in early January prices were above the record levels of the previous season.

At the close of the London sales on December 3, prices for most grades had passed previous records set at the final sales of the 1947 season. Good medium fleeces, 64's-70's, were quoted at $2.00 per pound, clean basis, compared with the previous high of $1.97 on July 23, and the low of the current season of $1.85 at the close of sales on October 1. Fine crossbred fleeces, 56's, advanced from $1.01 per pound, clean basis, to $1.18.

Table 1.- Commodity Credit Corporation owned stocks of domestic wool by grades, grease basis, December 31, 1947, March 31, June 30, September 30 and November 30, 1948

Grade	December 31, 1947	March 31, 1948	June 30, 1948	September 30, 1948	November 30, 1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Fine, 64's, 70's	100,457	58,926	15,485	3,394	2,500
Fine Medium and 1/2 blood, 60/64's and 60's	63,046	47,054	22,302	12,829	11,985
3/8 blood, 58's, 56/58's	124,714	126,612	105,840	86,565	88,495
1/4 blood, 50's, 48's	29,450	27,783	21,609	18,040	18,592
Low 1/4 blood, 46/48's	3,507	3,861	3,515	3,088	3,088
Common and braid, 44's, 40's, 36's	1,296	1,544	1,357	1,066	1,127
Other	11,323	9,782	6,725	3,821	3,754
Total	333,793	275,562	176,833	128,803	129,541

Compiled from CCC stock reports, Production and Marketing Administration, Livestock Branch. Scoured wool converted to grease basis, by the Bureau of Agricultural Economics.

Prices in Australia and South Africa have been following a pattern similar to that at London. On November 24, spinners average and best top-making fleeces were quoted at $1.69, clean basis, at Sydney, Australia, compared with $1.37 on October 6 and $1.77 on June 16. Price quotations at the close of the December auctions were at new record levels. At the opening of the January sales at Geelong, Australia, quotations for super merino types were from 5 to 10 percent above those at the closing of December auctions.

Demand for merino and fine crossbred wool in Uruguay and Argentina has continued to strengthen. Wool prices in these countries are reported to be the highest in history.

Exports from Surplus Producing Countries Below Last Year

During 1947-48, total exports of wool, apparel and carpet, from the five Southern Hemisphere producing countries amounted to 2,211 million pounds, actual weight basis. This was 247 million pounds or 10 percent less than during the 1946-47 season.

Exports of raw wool from Australia and South Africa were smaller than during the previous season, while exports from New Zealand were greater. The United Kingdom was the chief destination for exports from these countries. Exports of all wools to the United Kingdom increased 36 percent and made up 42 percent of total exports compared with 24 percent during the previous season. Exports to the United States, however, dropped from 454 million pounds to 175 million pounds. The greater part of the exports to the United States from Australia and South Africa consisted of fine wools.

Exports from the two South American countries--Uruguay and Argentina--were considerably larger than during the previous season. Combined exports from these two countries were 32 percent greater than during 1946-47. Exports to the United States increased 68 percent.

Table 2.- Prices of good fleece wools at the London auctions, in cents, per pound, clean basis, September 1946-December 1948

Week ended 1/	Superior fleeces	Good Medium fleeces			Fine Crossbred fleeces		Crossbred fleeces	
	70's	64's-70's	60's-64's	58's-60's	56's	50's	48's	46's
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1946								
September 13	80.7	75.6	70.6	67.2	63.9	50.4	48.7	47.1
September 27	90.8	82.4	74.0	70.6	63.9	48.7	45.4	43.7
November 29	92.4	82.3	77.3	68.0	63.0	50.4	45.3	42.0
December 13	94.0	83.9	78.9	68.0	62.1	52.0	45.3	42.0
1947								
February 6	104.0	88.1	83.9	73.0	64.6	52.9	48.7	43.6
February 20	104.0	88.9	83.9	73.8	64.6	52.9	48.7	43.6
April 17	114.1	100.7	95.7	82.2	63.8	53.7	47.0	43.6
May 1	2/	107.4	103.2	87.3	68.0	54.5	47.0	43.6
July 11	114.9	109.9	104.0	88.1	2/	53.7	45.3	42.8
July 25	130.1	123.3	113.3	96.5	72.2	56.2	47.0	43.6
September 19	140.2	136.0	126.0	104.1	81.5	63.8	51.2	47.9
October 3	142.8	137.7	126.0	109.2	88.2	68.0	57.1	50.4
November 21	142.8	137.7	125.1	109.2	88.2	69.7	60.5	53.8
December 5	142.8	137.7	126.0	110.0	89.0	67.2	57.1	52.1
1948								
January 15	154.5	147.8	134.4	119.3	94.0	73.9	62.1	55.4
January 30	164.6	161.3	146.1	129.3	100.8	76.4	65.5	59.6
March 5	161.3	144.5	140.3	115.9	90.7	59.6	48.7	45.4
March 19	2/	152.8	146.1	117.6	90.7	63.8	50.4	45.3
April 30	2/	161.3	156.2	124.3	94.1	70.5	55.4	52.1
June 4	210.0	196.5	178.1	136.1	97.4	70.5	55.4	52.1
July 16	210.0	196.5	178.1	136.1	97.4	67.2	52.1	48.7
July 23	210.0	196.5	178.1	142.8	100.8	70.6	55.4	52.1
September 16	210.0	189.8	171.3	142.8	100.8	70.6	55.4	52.1
October 1	194.9	184.8	171.3	142.8	97.4	70.6	55.4	52.1
November 17	203.3	199.9	179.7	151.2	107.5	77.3	60.5	58.8
December 3	203.3	199.9	179.7	159.6	117.6	84.0	70.6	65.5

Compiled from Krelinger and Fernau Market reports. Prices converted from pence to cents at current rates of exchange.
1/ Quotations are for week ending on date shown, which are opening and closing weeks for each series.
2/ No quotations.

Table 3.- Exports of wool from five Southern Hemisphere exporting countries, 1946-47 and 1947-48 1/

Country of destination	Australia 2/		New Zealand 2/		South Africa 2/		Argentina 3/		Uruguay 3/		Total	
	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
United States	326.2	124.9	64.9	19.2	62.7	30.8	173.0	302.4	66.2	98.6	693.0	575.9
United Kingdom ...	247.3	357.6	193.9	242.4	45.0	60.5	8.1	11.0	4/	2.3	494.3	673.8
France	192.3	173.9	41.9	63.7	52.0	50.3	30.6	74.5	4/	4/	316.8	362.4
Belgium	186.3	119.8	12.9	10.6	65.9	33.4	38.1	25.7	12.2	11.6	315.4	201.1
Italy	112.4	42.9	3.2	4.1	119.8	11.1	12.9	2.5	5.8	13.2	254.1	73.8
Netherlands	10.8	10.7	12.3	15.8	8.8	8.2	13.7	9.4	15.8	10.2	61.4	54.3
Germany	0.8	20.3	29.1	16.3	---	20.5	---	4.4	---	3.0	29.9	64.5
Other Countries	118.3	83.3	54.9	52.0	24.6	16.3	69.8	42.3	26.7	11.7	294.3	205.6
Total	1194.4	933.4	413.1	424.1	378.8	231.1	346.2	472.2	126.7	150.6	2459.2	2211.4

Compiled from Wool Intelligence, Commonwealth Economic Committee, by the Bureau of Agricultural Economics.

1/ Actual weight of greasy, scoured, and pulled wool.

2/ Season beginning July 1.

3/ Season beginning October 1.

4/ Not reported separately.

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